

CONFERENCE ON
AFRICA
A Land of Opportunities

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

November 2013

A Report

India-Africa Promise Diverse Opportunities

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Sharad Jaipuria
President

From President's Desk

There is a new economic growth story emerging from India and Africa since both India and Africa possess several trade and investment opportunities which can strengthen their business relations further. In the present global scenario, Africa has become one of the fastest growing economies in the World. While global growth declined by 2.7% last year, Africa bucked the trend and grew at 5%. Young population and middle class are rising in Africa which is considered to be the major drivers of boosting trade, investment and overall growth in the economy. In addition to these positive changes, many African economies are moving towards industrialization and creating abundance of opportunities in several sectors viz. real estate, energy, financial services, ICT, etc.

India also has huge potential to emerge as the fastest moving economy. While India has registered a growth rate of 4.8% but it is higher than major economies of the world i.e. United States, United Kingdom and Brazil. Demographics are also in India's favour as the working age population is growing faster than the overall population. This factor contributes to boost the demand for several products and services which finally results in emergence of business expansion opportunities in the country. Last but not the least, the government's positive outlook towards augmenting trade and investment is also resulting into favourable foreign trade and foreign investment policy framework in the country.

Against this backdrop, India and Africa should make deliberate and focused efforts to identify trade and investment opportunities and to integrate their prospective traders and investors. For this, business environment should be made more liberal, conducive and free from bottlenecks. Efforts should also be made towards creating awareness about the trade and investment opportunities available in Africa and India. This can be a right move towards strengthening business relations in the long run.

I am sure that this comprehensive report on valuable inputs provided by the representatives of several African countries would serve as an informative guide to policy makers, researchers and industry stakeholders.



Saurabh Sanyal
Executive Director

Foreword

“India-Africa Promise Diverse Opportunities” highlights the trend in the overall scenario of trade between India and Africa over the years and it gives me immense pleasure and honour to present it to our esteemed readers.

With the increasing diversification of India’s global trade towards other developing countries, Africa has emerged as an important partner for India for trade and commerce. In order to boost bilateral trade relations between India and Africa, a significant endeavour could be to enhance sourcing of Africa’s imports from India, in which India has export capability and competitiveness. This would facilitate in increasing India’s exports and balance the burgeoning trade gap between India and Africa.

India’s current global capability could be matched with Africa’s import demand. Therefore, there is an urgent need to identify new markets in Africa to widen the scope of investments and trade between India and African countries. This is to be followed by selection of potential items, based on low share of India in target country’s import basket of major categories. This would entail identification of potential export items to each focus market and thus encouraging long term trade partnership with Africa.

I commend and appreciate the tireless efforts of the PHD Research Bureau team led by Dr. S. P. Sharma, Chief Economist and assisted by Ms. Rashmi Taneja, Ms. Surbhi Sharma and Ms. Bhawana Sharma in producing this report.

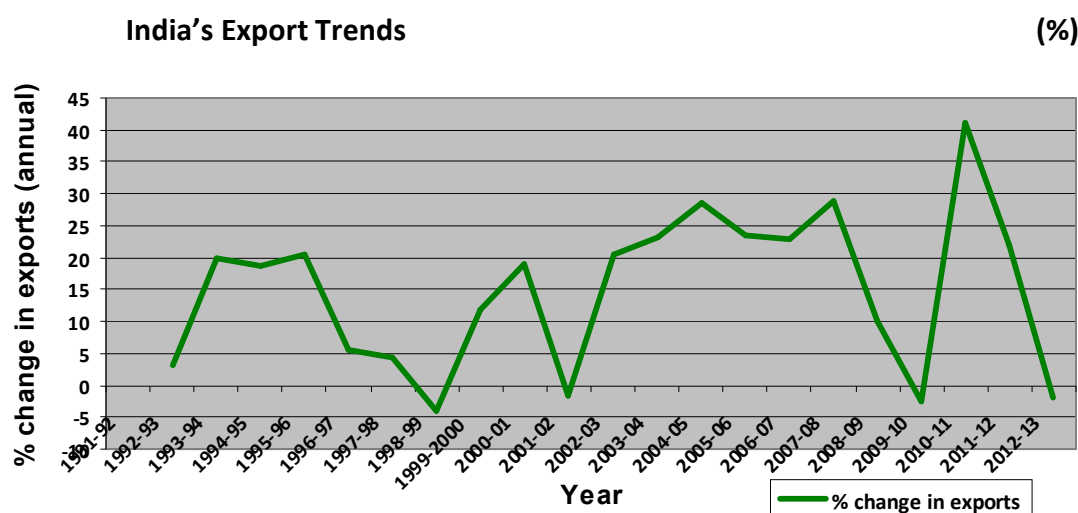
PHD Chamber has always aimed to be an important stakeholder in the development of the nation. I hope that this study would enlighten the business entrepreneurs and government to determine the several untapped trade and investment opportunities available in India and Africa.

Contents

Topic	Page No.
India's Exports Scenario	7
Trade Relations between India and Africa	9
Highlights of the Conference on "Africa: A Land of Opportunities"	12
Glimpses of the Conference	30
Observations/Suggestions to improve India-Africa Trade and Investment Relations	38

India's Exports Scenario

The economic crisis that shocked the entire world economy and gradually deteriorated the world economic growth impacted the foreign trade scenario of various emerging and developing economies. However, a positive aspect of the slowdown in global trade was the growing share of developing countries in overall global trade scenario. This is manifest in the growth of developing countries' trade which reported less declining rate of trade growth when global trade was falling and high increasing rate when global trade was reviving as compared to developed countries. This has become possible because of adopting the market diversification strategy by developing countries in order to counterbalance the effect of reduced export earnings from developed countries. This decoupling effect enabled developing countries to be less vulnerable to economic turmoil of global economic crisis.



Source: PHD Research Bureau, Compiled from Economic Survey

India's exports also exhibited remarkable performance prior to global crisis. Exports increased from \$ 36 billion in 2000 to \$ 163 billion in 2008 and export growth rate remained around 20 percent during the same period. Global recession coupled with the deepening of the global financial crisis jolted this continued upward growth. India's annual export growth rate which was 29 % in 2007-08 started declining and touched all time low annual average growth rate (13%) in 2008-09 and turned negative (-20.3%) in 2009-10. This acute fall in export performance of India made India realize that too much dependence on few countries is hazardous for export stability of an economy. Therefore, several policy measures with respect to market and product diversification were undertaken. Main emphasis remained on diversification of export markets whereby efforts were made to shift exporters' focus from traditional developed trade partners to nontraditional developing trade partners. The major policy measures which

have been undertaken to diversify the markets are initiation of Focus Market Scheme and Market Linked Product scheme. The objective of these schemes is to offset the high freight cost and other disabilities to select international markets with a view to enhance our export competitiveness to these countries.

As a result of these steps, India's exports regained the pre crisis level of export growth. The growth in exports reported 40.5 % (inclusive of the low base effect) rise in 2010-11 which was an all time since independence. The result of these measures is also visible in terms of increasing share of developing countries and falling share of developed countries in India's total exports. The share of developed countries (EU and North America) reduced from approximately 50% in India's total exports in 1999-2000 to 29% in 2011-12. The share of developing countries (Asia, Africa and Latin American) which used to account for 29% share in India's total exports in 1999-2000 reported a nearly 40% share in 2011-12. OPEC countries also exhibited a significant increase from 10% share in 1999-2000 to about 19% in 2011-12 in India's total exports. Thus , the countries comprising more than half of total exports has marked one third share in total exports of the country and the reverse trend is exhibited by the Asian and Middle East countries.

Direction of India's Exports

(%)

Group / Country	1991-92	1995-96	1999-2000	2003-04	2007-08	2011-12
I. OECD countries	57.86	55.69	57.62	46.41	39.45	33.81
A. EU	27.02	27.39	25.89	21.76	21.17	17.25
B. North America	17.41	18.32	24.28	19.19	13.49	11.94
Total (EU + North America)	44.43	46.01	50.17	40.95	34.66	29.19
C. Asia and Oceania	10.51	8.34	5.77	3.73	3.17	2.99
D. Other OECD countries	2.92	1.63	1.68	1.73	1.62	1.64
II. OPEC	8.74	9.69	10.64	14.95	16.57	19.03
III. Eastern Europe	10.93	4.21	3.47	2.44	1.13	1.06
IV. Developing countries	20.08	28.92	28.08	35.69	42.46	40.72
A. Asia	16.88	22.98	21.88	28.86	31.60	29.59
B. Africa	2.47	4.76	4.30	4.85	7.51	6.73
C. Latin American countries	0.72	1.18	1.90	1.98	3.35	4.40
V. Others / unspecified	0.07	0.06	0.10	0.52	0.39	5.38
Total Trade	100.00	100.00	100.00	100.00	100.00	100.00

Source: PHD Research Bureau, compiled from Handbook of Statistics on Indian Economy, Reserve Bank of India Bulletin

In all, these market diversification measures enabled Indian exporters to venture into Africa, Latin America and other less explored regions, weathering the adverse repercussions of global crisis of 2008.

Trade Relations between India and Africa

India - Africa Trade Relations

With the increasing diversification of India's global trade towards other developing countries, Africa has emerged as an important partner for India for trade and commerce. This is evident from the fact that there has been around sixteen -fold rise in India's total trade with Africa between FY2001 and FY2013. India's total exports to Africa stands at about US\$29 billion and imports from Africa at about US\$ 41 billion in FY2013. The African region holds immense potential for India, as Africa's share in India's total exports has increased over the last many years. The share of exports to Africa in India's global exports stood at about 5% in FY2001 which scaled up to more than twofold in FY2013 at a share of 10%. Further, Africa's share in India's global imports has also increased from around 4% in FY2001 to about 8% in FY2013.

The increasing importance of India as Africa's trading partner can be assessed from the fact that India's exports to Africa accounted for about 4% of Africa's global imports during the recent years as against about 2.7% in 2001. Further, India's imports from Africa presently accounts for around 7% of Africa's total exports, which scaled up from around 2% in 2001, depicting the rising importance of India in Africa's trade configuration.

India's top 10 export items to Africa include mineral fuels, vehicles, pharmaceuticals, cereals, electrical and electronic equipments, nuclear reactors, iron & steel and plastic and articles which jointly holds a share of about 74% in India's total exports to Africa. South Africa is India's largest export market in Africa, accounting for about 19-20% in India's exports to Africa. It is a leading market in Africa for India's exports of petroleum oils, vehicles, pharmaceuticals and a major market for electrical equipments and machinery. South Africa is also an important market for India's exports of organic chemicals, articles of iron & steel and plastic and articles. The other major export markets in Africa are Nigeria, Egypt, Kenya, Tanzania and Mauritius.

In India's import basket from Africa, crude oil and mineral fuels are the largest items accounting for as much as 70% of India's total imports from Africa in FY2013. In addition, pearls and precious stones are the second largest items of imports from Africa. The region is a major source for India's imports of unwrought gold or semi-manufactured gold which accounts for nearly 14% of India's total imports from Africa in FY2013. Other key items of imports from Africa to India include iron & steel, inorganic chemicals, edible fruits & nuts, fertilizers, ores & slag, salt & sulphur, aluminum &

articles. The major import partners for India in the African region are Nigeria followed by South Africa, Angola, Egypt, Algeria and Morocco.

India - East Africa Trade Relations

India's trade relations with the Eastern region of Africa have strengthened. The total trade between India and East Africa has increased by 15 times from around US\$0.65 billion in FY2001 to around US\$10 billion in FY2013. India's exports to East Africa have increased over the last many years, while imports from the region still hold a very marginal quantity. India's exports to East Africa scaled up from about US\$0.56 billion in FY2001 to around US\$9 billion in FY2013, while imports scaled up marginally from US\$0.09 billion to about US\$1 billion during the said period.

India - West Africa Trade Relations

India's trade relations have significantly built up with the Western region of Africa. The total trade between India and West Africa has increased by 18 times from around US\$1.21 billion in FY2001 to around US\$23 billion in FY2013. India's exports to West Africa have scaled up from about US\$0.76 billion in FY2001 to around US\$6 billion in FY2013, while imports scaled up considerably from US\$0.45 billion to about US\$16 billion during the said period.

India - North Africa Trade Relations

The total trade volume between India and North Africa has increased magnificently by about twelve times from US\$1 billion in FY2001 to more than US\$12 billion in FY2013. The exports to North Africa have increased from meager US\$0.56 billion to about US\$6 billion during the same period, while imports too have exhibited the same trend scaling up from about US\$0.46 billion in FY2001 to about US\$7 billion in FY2013.

India - South Africa trade relations

India's trade relations with the Southern African Customs Union (SACU) region of Africa have strengthened. The total trade with them has increased by more than 10 times from around US\$1 billion in FY2001 to around US\$14 billion in FY2013. Further India's trade with other South African countries such as Mozambique, Angola, Zambia and Zimbabwe has also shot up significantly from around US\$0.13 billion in FY2001 to around US\$10 billion in FY2013.

India - Central Africa Trade Relations

The total trade volume between India and Central Africa has increased slightly over the years. The total trade stood at US\$0.08 billion in FY2001, which scaled up to US\$1.16 billion in FY2013. The exports to Central Africa have increased from meager US\$0.08 billion to about US\$0.93 billion during the same period, while imports too have exhibited the same trend scaling up from about US\$0.004 billion in FY2001 to about US\$ 0.23 billion in FY2013.

Highlights of the Conference on Africa: 'A Land of Opportunities'

PHD Chamber with the support of the Ministry of External Affairs, Government of India organised a Conference on "Africa: A land of Opportunities" on, 20th November 2013, at PHD House, New Delhi.

The conference aimed to provide a forum for the industry stakeholders, policy makers and researchers to discuss about the practical aspects of doing business in Africa as well as to know about the substantial potential for bilateral economic cooperation between India and Africa.

Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India was the Chief Guest at the Conference and addressed the participants at a Special Session of the Conference.

Mr. D. S. Dhesi, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India was the Chief Guest in the Inaugural Session.

About 60 diplomats, including 20 Ambassadors from 30 African countries participated in the event.

Technical Session-I was on Business Opportunities in Africa whereat H.E. Ms. Lesego Ethel Motsumi, High Commissioner of Republic of Botswana; H.E. Mr. Idriss Raoua Ouedraogo, Ambassador of Burkina Faso; H.E. Ms. Gennet Zewide, Ambassador of Federal Democratic Republic of Ethiopia; H.E. Mr. Désiré Koumba, Ambassador of Gabon; H.E. Mr. Alexandre Cécé Loua, Ambassador of Republic of Guinea; H.E. Mr. Ernest Rwamucyo, High Commissioner of Republic of Rwanda; H.E. Mr. Amadou Moustapha Diouf, Ambassador of Republic of Senegal; Mr. Mongy Aly Mohamed Badr, Minister, Economic & Commercial Bureau, Arab Republic of Egypt; Mr. Alieu Bah, Counselor, Gambia; and Dr. Vincente Paulo C. Chihale, Commercial Counsellor, Republic of Mozambique made presentations on their countries. Indian industry perspective was shared by Dr. J. S. Juneja, Chairman, Global Projects & Services Pvt. Ltd. Dr. Arvind Lal, Chairman & MD, Dr. Lal Path Labs Pvt. Ltd. spoke about opportunities in the healthcare sector.

Technical Session-II was on Incentives/Schemes for Supporting Indian Business Initiatives and Focus Sectors for Cooperation. Speakers during the session included Mr. T. C. A. Ranganathan, Chairman and Managing Director (CMD), EXIM Bank, Mr. Sanjog Kapoor, Director, Department of Commerce and Industry, Mr. K. P. Lall, Acting Director, UNIDO Centre for South-South Industrial Cooperation (UCSSIC), Mr. Mahesh Gupta, CMD, Kent RO Systems, Mr. Jacques Baudelot, Managing Director, Bolloré Africa Logistics India Pvt. Ltd., and Mr. Havish Ludhor, Team Leader, Administration and Business Development, AAA Global Services Ltd., Mauritius.

The Hon'ble Minister released a research report on "Africa-A land of opportunities", prepared by the Research Bureau of PHD Chamber of Commerce & Industry.

There was also an Exhibition whereat African missions from Botswana, Burkina Faso, Egypt, Ethiopia, Gabon, Malawi, Mozambique, Namibia, Rwanda and Uganda showcased information on their countries.

The event was followed by a Cultural Programme, Cocktail Reception and Dinner.

The event was supported by the Ministry of External Affairs and sponsors included AAA Global Services Ltd., Mauritius, Bolloré Africa Logistics India Pvt. Ltd., Kent RO Systems, Skipper Electricals (India) Ltd., and SRS Group.

Conference on “Africa: A land of Opportunities”

Day & Date	:	Wednesday, 20 th November 2013
Time	:	10:00 am – 6:00 pm (followed by Cultural Programme, Cocktail Reception and Dinner)
Venue	:	PHD House, New Delhi

PROGRAMME

10:00 am to 10:30 am	:	Registration & Tea
<u>Inaugural Session</u> (10:30 am – 11:15 am)		
Opening Remarks & Moderation	:	Mr. Saurabh Sanyal , Executive Director, PHD Chamber
Welcome Remarks	:	Mr. Sharad Jaipuria , Sr. Vice President, PHD Chamber
Address by Chief Guest	:	Mr. D. S. Dhesi , Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India
Discussion Session		
Vote of Thanks	:	Ms. Poonam Sachdeva , Chairperson, International Affairs Committee for Africa, PHD Chamber
11:15 am to 11:30 am	:	Tea Break

Technical Session- I – Business Opportunities in Africa

(11:30 am – 2:00 pm)		
Opening Remarks & Moderation	:	Mr. Saurabh Sanyal , Executive Director, PHD Chamber
Business Opportunities in Botswana	:	H.E. Ms. Lesego Ethel Motsumi , High Commissioner, High Commission of the Republic of Botswana
Business Opportunities in Burkina Faso	:	H.E. Mr. Idriss Raoua Ouedraogo , Ambassador, Embassy of Burkina Faso
Business Opportunities in Ethiopia	:	H.E. Ms. Gennet Zewide , Ambassador, Embassy of the Federal

		Democratic Republic of Ethiopia
Business Opportunities in Gabon	:	H.E. Mr. Désiré Koumba , Ambassador, Embassy of Gabon
Business Opportunities in Guinea	:	H.E. Mr. Alexandre Cécé Loua , Ambassador, Embassy of the Republic of Guinea
Business Opportunities in Rwanda	:	H.E. Mr. Ernest Rwamucyo , High Commissioner, High Commission of the Republic of Rwanda
Business Opportunities in Senegal	:	H.E. Mr. Amadou Moustapha Diouf , Ambassador, Embassy of the Republic of Senegal
Business Opportunities in Egypt	:	Mr. Mongy Aly Mohamed Badr , Minister, Economic & Commercial Bureau, Embassy of the Arab Republic of Egypt
Business Opportunities in Gambia	:	Mr. Alieu Bah , Counselor, Gambia High Commission
Business Opportunities in Mozambique	:	Dr. Vincente Paulo C. Chihale , Commercial Counsellor, High Commission of the Republic of Mozambique
<u>Indian Industry Perspective</u>		
Business Opportunities for Indian Industry	:	Dr. J. S. Juneja , Chairman, Global Projects & Services Pvt. Ltd.
Opportunities in the Healthcare Sector	:	Dr. Arvind Lal , Chairman & Managing Director, Dr. Lal Path Labs Pvt. Ltd.
Discussion Session		
Vote of Thanks	:	Ms. Poonam Sachdeva , Chairperson, International Affairs Committee for Africa, PHD Chamber
2:00 pm – 3:00 pm	:	Lunch
Technical Session-II – Incentives/Schemes for Supporting Indian Business Initiatives and Focus Sectors for Cooperation (3:00 pm – 4:00 pm)		
Opening Remarks & Moderation	:	Mr. Saurabh Sanyal , Executive Director, PHD Chamber
Observations	:	Mr. T. C. A. Ranganathan , Chairman and Managing Director, EXIM Bank

Observations	:	Mr. Sanjog Kapoor , Director, FT (Africa), Department of Commerce, Ministry of Commerce and Industry, Government of India
Observations	:	Mr. K. P. Lall , Acting Director, UNIDO Centre for South-South Industrial Cooperation (UCSSIC)
<u>Industry Perspective</u>		
Opportunities in Water Purification & Sanitation	:	Mr. Mahesh Gupta , CMD, Kent RO Systems
Logistics for Africa	:	Mr. Jacques Baudelot , Managing Director, Bolloré Africa Logistics India Pvt. Ltd.
Mauritius - Your Entry to Africa	:	Mr. Havish Ludhor , Team Leader, Administration and Business Development, AAA Global Services Ltd., Mauritius
Discussion Session		
Vote of Thanks	:	Ms. Poonam Sachdeva , Chairperson, International Affairs Committee for Africa, PHD Chamber
Special Session with Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India (4:00 pm – 4:45 pm)		
Opening Remarks & Moderation	:	Mr. Saurabh Sanyal , Executive Director, PHD Chamber
Welcome Remarks	:	Mr. Suman Jyoti Khaitan , President, PHD Chamber
Special Address by the Hon'ble Minister	:	Mr. Salman Khurshid , Hon'ble Union Minister for External Affairs, Government of India
Discussion Session		
Vote of Thanks	:	Ms. Poonam Sachdeva , Chairperson, International Affairs Committee for Africa, PHD Chamber
6:00 pm onwards	:	Cultural Programme, Cocktail Reception and Dinner

Knowledge Partner : PHD Research Bureau

Deliberations at the Conference – A Report

Special Session with
Mr. Salman Khurshid
Hon'ble Union Minister for External Affairs,
Government of India

Addressing a Special Session, the Chief Guest, **Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India** said that India offers partnership model to Africa in order to increase its bilateral ties.

He congratulated the Chamber for their foresightedness in organizing the Conference. He mentioned that Africa is today emerging strongly from long periods of lost opportunities in their post-independence journey and it is estimated that Africa will grow at a rate of 5% exceeding all the other continents over this second decade of the 21st century.

He stated that Africa holds a favourable demographic dividend, 62% of Africa's population is below the age of 35 which shows the potential of the continent and opportunities for economic and human resource development.

He also highlighted several factors which have contributed to the attractiveness of the continent, such as, reduction of conflicts, increase in political stability, improved governance, and sound macro-economic measures.

He recalled that India shares a historical relationship and commonalities with Africa. Both have much more to explore while working together and along with political support, economic co-operation is also desirable. He pointed the series of steps taken by the Indian Government to foster relations with the African continent, which included – triennial India-Africa summits during which India granted duty free tariff preference to the least developing countries (LDCs), also included were vocational training institutes, scholarships programmes and civilian training courses.

The Hon'ble Minister pointed out that the Lines of Credit to Africa are being used to finance a wide-range of projects in agriculture, irrigation, food processing, rural electrification, IT and infrastructure. Also, in order to address the constraints and to further mobilize growth between the two regions, India is engaged in noteworthy interactions with all the African Regional Economic communities, which include pan-African organizations African Union, African Development Bank, etc.

Indian investments in Africa have grown substantially across the continent and sectors and that both the regions are significant trade partners with great potential in the agriculture, pharmaceutical and energy sectors. Mr. Khurshid praised Africa for attracting significant FDI inflows despite slowdown in the world economy.

While addressing the participants at the Special Session, **Mr. Suman Jyoti Khaitan, President, PHD Chamber of Commerce and Industry** stated that India and Africa share a long term relationship and Africa accounts for almost 10% of India's total exports. India has invested in Africa in the areas of telecom, automobile, pharmaceutical and energy. Further, India can share its technical expertise with Africa and can help in setting up of business units resulting in boosting investments in Africa as there exists lot of untapped potential for medical tourism, construction, etc.

Inaugural Session with
Mr. D. S. Dhesi
Additional Secretary, Department of Commerce
Ministry of Commerce and Industry, Government of India

While addressing the Inaugural Session, **Mr. D. S. Dhesi, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India**, said that the future of trade relationship between India and Africa has a bright potential ahead. He mentioned that in the recent years there has been rapid increase in trade between the two regions. The bilateral trade between the two has observed a major hike during the period 2008-12, from US\$ 42 billion in 2008 to US\$ 72 billion in 2012, inspite of a slowdown in the global economy during that period. Besides, Africa's share in India's total trade more than doubled from 3.5% in 2005 to 9% in 2012. In India's total exports, Africa's share has now reached almost 10%.

He added that Southern and Western Africa have a significantly larger share in the trade break-up as compared to other parts of Africa, and Eastern Africa has a fairly good share. Hence, a lot needs to be done to explore the potential which exists in other parts of Africa.

India-Africa Forum Summits play a significant role in strengthening the trade relations between India and Africa. He highlighted that India and Africa have come up with the concept of India-Africa Trade Ministers' Meet to discuss important issues relating to strengthening of trade and investment ties between both the regions. In the last three years, 2011, 2012 and 2013, there have been regular interactions between the Trade Ministers of both the regions.

In the India-Africa Business Council meetings, held in 2012 and 2013, some important issues relating to visa, better air connectivity, registration of companies and educational institutes, were identified, which need to be taken up at the level of the governments of India and African countries.

It was mentioned by Mr. Dheshi that the Department of Commerce, Government of India has taken some policy initiatives to promote trade. He said that 33 African countries are benefiting from the Duty-free Tariff Preference Scheme, which was announced by India in 2008 for the Least Developed Countries (LDCs). With the introduction of this scheme, exports from Africa grew 45% annually between 2005 and 2011.

While the Indian government has extended lines of credit to a large number of projects in Africa, there has been a further refinement to the lines of credit. Last year, the Department of Commerce has further liberalized the scheme by providing a 2% interest subvention for exports which are undertaken through EXIM Bank and this covers all countries of Africa. The basic objective of such schemes is to boost India's exports to African countries by providing long-term concessional credit in infrastructure sectors like drinking water, housing, irrigation, road projects, renewable energy, etc.

He mentioned that the Department of Commerce has started an initiative by the name of "India Shows", which constitute trade exhibitions to showcase Indian products and technologies; cultural programmes, etc. India is holding such shows in various countries in Africa to strengthen the trade.

Mr. Sharad Jaipuria, Senior Vice President, PHD Chamber, while welcoming the participants, stated that Africa is increasingly becoming an attractive hub for foreign investors in the light of various economic, political and social reforms that are being implemented throughout the continent. He said that much of the dynamism, from the Indian side of the current India-Africa trade and investment relationship can be credited to the steps taken by the Government of India – the Focus Africa Scheme launched by the Department of Commerce in 2002 and MEA's India-Africa Forum Summit, etc. He mentioned about some of the major Indian investors in Africa – Tata, Mahindra, Ranbaxy, CIPLA, etc., and African investors in India – SAB Miller, ACSA, Adcock Ingram, Rand Merchant Bank, etc.

Mr. Jaipuria pointed out a few crucial sectors for cooperation between India and Africa – online education, skill development, agribusiness, health care and pharmaceuticals. He highlighted that PHD Chamber has been continuously advocating for Indian small and medium enterprises to invest in Africa, and suggested that feasibility studies / bankable project reports / market surveys be made available.

Mr. Saurabh Sanyal, Executive Director, PHD Chamber while opening the session said that Indians are Africans and Africans are Indians and we are uniting through various

channels. He highlighted various historical and geographical similarities between India and Africa and there exists a pool of opportunities for growing trade and investment as well as social and cultural relations between the two nations.

Ms. Poonam Sachdeva, Chairperson, International Affairs Committee for Africa, PHD Chamber of Commerce and Industry, extended her vote of thanks and lauded PHD Chamber for organising such platforms which give opportunities to resolve the crucial issues faced by the stakeholders.

Subsequent to the special addresses by Indian key representatives, delegates of several African countries also spoke about innumerable trade and investment opportunities available in their countries. Here, is the glimpse of their discussion which can be helpful for stakeholders to build up new business relations with African trade partners in varied potential sectors.

Technical Session-I on Bilateral Trade and Investment Opportunities in Africa

Bilateral trade and investment opportunities in Botswana

H.E. Ms. Lesego Ethel Motsumi, High Commissioner, High Commission of the Republic of Botswana stated that Botswana is located at the Southern part of Africa and thus carries the advantage of being directly connected with the key African countries- South Africa, Zimbabwe and Zambia. The population of the country is only 2 million which is spread over the vast piece of land about 5082 square k.m. High literacy rate of 82% of the entire population provides a pool of trainable workforce, which if skilled properly can be greatly advantageous for the business investors. Two major factors which make Botswana an attractive destination are strong macroeconomic fundamentals and absence of exchange controls. This is reflected in terms of their high sovereign rating of 'A' in Africa by Standard & Poor's. Tax regime in the country is also conducive as 15% is charged for the companies engaged in manufacturing, financial services sector and registered in innovative hubs. The country also offers tax holiday of 5-10 years to investors and Double Taxation Agreement between India and Botswana adds further tax advantage to business investors.

The country is the member of Southern African Development Community (SADC) which provides the investors the benefit of easy access to several countries viz. South Africa, Namibia, and Swaziland. This, further, results into creating a strong market base of 277 million customers in addition to its own 2 million customers for the investors.

With regard to business opportunities, coal and diamond industries are the most promising in Botswana. The country has a huge reserve of about 202 billion of coal

which is still unexploited because of the lack of sufficient funds, technology and expertise in the country. Therefore, the government of Botswana is looking for foreign partners to extract coal from the earth, to generate power and to assist them to provide technical expertise and logistics support. In this direction, the country is in negotiations with Namibia to build railway tracks from Botswana to Namibia with the length of 1500 km. so as to reach the ports of Namibia.

Relating to diamond industry, recently, the country has decided to undertake all activities relating to sorting, valuing, and marketing and selling of diamond within the country. The main objective behind this decision is to create jobs in Botswana and to enable country's people to take the benefits of the industry in terms of earning money, enhancing skills and building a reputation in the international market. In this way, the diamond industry is set to expand in coming times and likely to become a highly attractive area for business investments. The other prospective sectors in Botswana are glass manufacturing, leather & leather products, pharmaceutical and livestock feed.

Bilateral trade and investment opportunities in Burkina Faso

H.E. Mr. Idriss Raoua Ouedraogo Ambassador, Embassy of Burkina Faso mentioned that Burkina Faso, situated at the heart of West Africa, has a population of 6 million, comprising 46% of young population under the age of 15. In order to generate business opportunities in the country, the government has been working since 1990 to improve its business environment. In this direction, the government has put emphasis on liberalization and privatization policy and special councils for promotion of trade and investments are created to integrate with the world economy. Subsequently, the country has also made efforts to reduce administrative problems by creating single window system to centralize, simplify and speed up the process of setting up a company. As a result, a company can be created within 3 days and a business permit can be obtained within 19 days in Burkina Faso. In order to avoid conflicts, an effective arbitration system is set up to facilitate interactions between the disputing parties. The government has initiated 65 mega projects including agro business, airport, railways etc. which unlock enormous opportunities for growth and development for prospective investors.

Bilateral trade and investment opportunities in Egypt

Mr. Mongy Aly Mohamed Badr, Minister, Economic and Commercial Bureau, Embassy of the Arab Republic of Egypt mentioned that despite all the challenges since 25th January 2011 Revolution, Egypt has proved to be strong and sound. GDP growth has increased to 2.6% as compared to 0.3% in 2011; capital and financial inflows reached \$4.2 billion in the second half of 2012 as compared to \$2.4 billion in 2011;

manufacturing sector grew by 2.8% and the ICT sector grew by 5.1%. Total trade in Egypt has also gone up from \$69095 million to \$ 99283 million in 2012. In addition to its growing economic position the country is inherent with various competitive advantages. There is competitive manufacturing cost, large domestic market and favorable government policies. Moreover, both the countries India and Egypt have a multidimensional cooperation framework including a wide range of agreements and protocols relating to several key business sectors.

Bilateral trade and investment opportunities in Ethiopia

H.E. Ms. Gennet Zewide, Ambassador, Embassy of the Federal Democratic Republic of Ethiopia brought to light that the Ethiopian economy has been growing significantly since the last decade. This is manifest in its marking a double digit economic growth of 11% since 2003-04 and registered itself as the 3rd fastest economy in the world after China and India. With its huge pool of trained labour force, English speaking youth, 90 million customers base and political stability, the country is considered to be an attractive destination for investments. India and Ethiopia share a long standing relationship and presently their economic and commercial relations are increasingly growing in directions of trade and investment, line of credit, technical assistance and capacity building. This encourages Indian investors to venture into several key areas of Ethiopia viz. pharmaceutical, mining, and chemical whereby, the two countries can strengthen their business relations further and can make a success story.

Bilateral trade and investment opportunities in Gabon

H.E. Mr. Desire Koumba, Ambassador, Embassy of Gabon, in his discussion, revealed that Gabon has an incredible unutilized natural resource heritage with forests covering 80% of its territory. The country is also rich in underground minerals viz. oil, zinc, iron, manganese, diamond, silver, etc. Gabon's population is young and its school enrolment ratio is one of the highest in Africa. Its geographical location makes it a real African hub as it is gateway to all the Sub Saharan African counties. Its 40 years of institutional stability guarantees political, economic, legal and fiscal environment that drives business development in the country. Several economic indicators exhibit its sound economic performance as its economic growth is steadily rising, debt ratio is reduced and balance of payment is positive. With the objective to make the country Green Gabon, Industrial Gabon and Service-Oriented Gabon, its government is set to provide several facilities for the business investors and to focus on its key sectors of potential.

Mining sector is one of the important areas for business investment in Gabon. The country has 3.7 billion barrel of oil, 1 billion tons of iron and several off shore blocks. The country is the second largest producer of manganese and with the possession of

several other minerals and metals viz, lead, zinc, talc, phosphate, gold, diamond and silver provides several opportunities for investment. The country with 20 million hectares of forest provides huge business potential in timber industry. With the objective of developing the fisheries sector so as to contribute 20% to country's GDP in the long run, several zones are now fitted with equipments and focus is upon developing canary, lagoons etc. 5 million acre of land can be used for cultivating cash crops viz. coffee, coco, rubber and palm oil.

To support these new developments, the government has announced tax incentives, and special economic zones & technology parks are also established. To provide a hassle free business environment, the government is highly focused on several key sectors viz. energy, water, ports, airports, telecom, ICT etc. and many social projects relating to housing, urbanization, education, health, sports and recreation are also under the target area of development. In all, the country has adopted a new model based on the 3rd millennium i.e. based upon sustainability development and mutual respect and also devised its own model of RESPECT i.e. Revenue sharing with all partners, Eco-social impact, Sustainability, Public-Private Partnership, Energy renewable and Technology and Innovation.

Bilateral trade and investment opportunities in Gambia

Mr. Alieu Bah, Counselor, Gambia High Commission stated that Gambia is one of the safest countries in Africa with ethnic and religious tolerance. Its economic indicators are also showing positive trends. The GDP growth is expected to go up to 5.9% in 2015 as compared to 3.3% in 2011. CPI inflation in 2011 was 4.4%. There is labour force of 4,00,000 in the country. Development has also taken place in Gambia that has led to an improvement in business environment. Road systems have improved, capacity of sea ports and warehouses expanded and legal system is modified to meet the evolving business needs of the country. The government has also offered incentives such as removal of import duties, exemption from corporate taxes and other taxes for the foreign investor. The Government of Gambia guarantees the safeguards against nationalization and expropriation. Moreover, it is a member of the Center for the Settlement of Investment Disputes (ICSID). These guarantees ensure that investors' money is safe in the country.

Bilateral trade and investment opportunities in Guinea

H.E. Mr. Alexandre Cece Loua, Ambassador, Embassy of the Republic of Guinea informed that Guinea provides immense opportunities in four key areas – Mining, Energy, Agriculture and Investment. In mining sector, Guinea is rich in several minerals – uranium, bauxite, graphite, manganese, gold and diamond and thus provides vast

opportunity of exploration. To support this, a new mining code is also framed whereby business investors will be able to apply for the concessions. In addition to investment in exploration, the country requires huge investments in railway and sea way projects so as to facilitate transportation for the bulky minerals, crude and other resources.

Energy sector is the other key area where the country carries huge potential. The country has the capacity to generate electricity via hydropower, solar power and biomass. However, the capacity utilized in this area is negligible in Guinea. In this direction, the country has initiated electricity development program and thus creates opportunities for generating power, construction of dams, rehabilitation of existing projects, etc.

Ideal climate, vast arable land also provide immense potential for investment in agriculture sector and therefore the country is making efforts to persuade private partners from across the world in cultivating commercial crops viz. oil, rubber, cotton, coffee, coco, etc. A strategic partnership can also be built to construct infrastructure for farmers - like storage facilities, roads, communication, railways, etc.

Bilateral trade and investment opportunities in Mozambique

Dr. Vincente Paulo C. Chihale, Commercial Counsellor, High Commission of the Republic of Mozambique asserted that the Mozambican economy with its strong economic variables and strategic advantages provides a strong basis to develop and strengthen bilateral trade and investment relations with the country. Mozambique has a strategic geographic positioning providing an ideal gateway to both international and regional markets. It is a natural gateway to the Middle East, Mediterranean and Asia and bordering regional markets like South Africa, Zimbabwe and Malawi. In addition to it availability of vast land reserves, mineral resources, and abundant labour make it an attractive destination for trade and investment.

The economy has displayed strong growth and is expected to grow at an annual rate of 7.7% from 2011 to 2015. The country is also gaining status as a potential Foreign Direct Investment (FDI) destination. This is because, FDI in Mozambique grew nearly fivefold from 2007 to 2011 and an investment of almost US\$ 15 billion has been approved in the country. The key sectors for making investment in Mozambique are agriculture, infrastructure, mining and energy. But, priority is being given to agriculture in the hope of improving productivity, reducing dependency on imports and helping in cutting the food prices. Relating to trade potential, Southern African Development Community (SADC) trade agreement is a significant measure to increase trade within the SADC members. The SADC agreement aims to eliminate tariff and non tariff barriers so as to boost up intra-SADC trade. In order to promote trade with countries outside SADC,

bilateral treaties and agreements viz. Investment Promotion and Reciprocal Protection Agreement and agreement to prevent double taxation and fiscal evasion are signed with several countries of Asia, Europe, Middle East and USA.

Thus, the well performing economic indicators, strategic location, excellent agro ecological conditions, and government's commitment to market driven growth shows that the country is moving towards the path of growth and prosperity.

Bilateral trade and investment opportunities in Rwanda

H.E. Mr. Ernest Rwamucyo, High Commissioner, High Commission of the Republic of Rwanda highlighted that the economic indicators of the country point towards a stable and growing economy. The country is growing fast at a sustained average GDP growth of 8% and stands amongst the 25th fastest growing economies in the World. Its debt level and inflation is falling and financial sector is performing sound. In order to continue with the same trends, the Government has devised a course of action for the growth and development of each sector. This results in creating more opportunities in sectors like knowledge-based ICT, BPO, financial services, real estate and construction sector. Rwanda offers conducive business environment to investors. It has been ranked the best global reformer by "Doing Business Report 2014". Fitch upgraded the credit rating of the country to "B". It takes only 6 hours to register a business in Rwanda. Attractive incentives like duty free access within EAC & COMESA, maximum duty of 25% on finished goods, no restriction on repatriation of capital and profits, additional fiscal incentives, etc. make Rwanda a potential business destination for investors.

Bilateral trade and investment opportunities in Senegal

H.E. Mr. Amadou Moustapha Diouf, Ambassador, Embassy of the Republic of Senegal, mentioned that Senegal is witnessing higher GDP growth every year and received a rating of B+ from Standard & Poor's. The success factors are political stability, quality of human resources, modern infrastructure, improving business environment, preferential access to international markets, hub to West Africa and an attractive incentive package to boost trade. Senegal is a strong democracy since independence in 1960, there is no ethnic or religious violence and military coup, press is independent and open. This facilitates a stable political environment in an economy. The Government of Senegal allocates nearly 50% of the national budget to education and health and almost 40% of the budget to support training of young people. This results in quality human resource in the country.

Relating to improving business environment in Senegal, the country is the top African reformer and 5th in the world (World Bank Doing Business Report 2009). The country has

membership in several economic zones viz. West African Economic and Monetary Union (WAEMU), Economic Community of West African States (ECOWAS), etc. This enables the country to have preferential access to international markets. Under the umbrella of incentive package, the country provides several attractive incentives viz. exemption from import duties on inputs, reduction of taxes suspension of VAT, etc. These incentives play an important role to boost up business in Senegal. The key business opportunities in Senegal are observed in agriculture, tourism, pharmaceutical, mining, energy and infrastructure sector. In most of these areas, India enjoys competitive advantage and thus can improve business relations with Senegal in order to take advantage of its untapped opportunities.

Business opportunities for Indian industries in Africa

Dr. J. S. Juneja, Chairman, Global Projects & Services Pvt. Ltd. India stated that business sector of the entire world economy comprises almost of small scale sector. India and Africa are not exceptions to it. He elaborated on the innumerable business opportunities available in Africa – oil and natural gas, mining, agro processing, chemicals, pharmaceuticals, electronics, metals, consumer goods and knowledge-based sectors. This will enable MSMEs of both India and Africa to develop and prosper.

Dr. Arvind Lal, Chairman and MD, Dr. Lal Path Labs Pvt. Ltd. highlighted the opportunities in the healthcare sector. He spoke about the advancement of the healthcare sector and the great potential the healthcare sector holds in both Africa and India.

Technical Session-II on Incentives/Schemes for supporting Indian Business Initiatives and Focus Sectors for Cooperation

Mr. T. C. A. Ranganathan, Chairman and Managing Director, EXIM Bank observed that India is doing well in trade with Africa as compared to previous years. He said that there are a number of companies which have invested in manufacturing units in Africa and Indian banks have always supported setting up of business units in Africa. Further, he added that setting up of Indian banks in Africa will subsequently lead to more trade which will further boost investment in Africa.

Mr. Sanjog Kapoor, Director, Department of Commerce, Government of India shared his focused views on how both the regions India and Africa can benefit from the incentives/schemes initiated by the Government of India. He outlined the various schemes in detail and responded to several queries/clarifications put up by the participants. One of the major initiatives has been the lines of credit of US\$ 5 billion

which was offered to Africa in May 2011 for the next 3 years, out of which NOCs of lines of credit of US\$ 2.27 billion has already been signed and approved. Several other facilities and incentives are available to support Indian business initiatives. Measures including 2% Interest Subvention Scheme, Buyers' Credit Scheme, EXIM bank finance, negotiation of Preferential Trade Agreement between India and South African Customs Union, India-Africa Trade Ministers' Meet, Marketing Development Assistance Scheme, Market Access Initiative Scheme, etc. would facilitate strengthening of India's trade with Africa.

Mr. K. P. Lall, Acting Director, UNIDO Centre for South-South Industrial Cooperation (UCSSIC) discussed several prospects and problems of the African region as a whole. Africa is abundant in natural resources, livestock, fertile land and cheap labour. It is a common hub for doing business and fastest growing regions on the globe. IMF estimated Sub-Saharan Africa's economic growth to be 5.6% in 2013 and 6.1 % in 2014. Its trade with the rest of the world has increased by more than 200% and foreign direct investment by over 27% in 2011. As per the World Bank and IFC study of 50 economies making business reforms since 2005 across the world, 17 are in Sub Saharan Africa. UNIDO also highlighted several sectors in which joint ventures and collaborations can be successful with the cooperation of Indian business partners.

The focus sectors in Africa are – agriculture, renewable energy and industrial energy efficiency, capacity enhancement and trade capacity building. In addition to these opportunities, a model for multi-sectoral delivery of South-South initiatives is also presented and the African Government pledged to support developing countries with focus on LDCs (48) and Africa. Thus, the economy with good economic fundamentals, steadier exchange rates, robust commodity prices, private capital flows and modest inflation provide a favorable business climate for the investors.

Mr. Mahesh Gupta, Chairman and MD, Kent RO Systems highlighted the challenges, solutions and prospects in the water purification and sanitation sector. He said that we are still at a very primitive stage in Africa as well as in India as far as health is concerned. According to World Health Organization, 80% of diseases occur because of contaminated drinking water. Considering issues with bottled water such as its high price, quality uncertainty, wastage of petrol/diesel in transporting the bottles, the best solution is a water purifier.

Mr. Jacques Baudelot, Managing Director, Bollore Africa Logistics India Pvt. Ltd. affirmed Africa as a booming continent by highlighting its growth trends, promising sectors and potential countries which carry several trade and investment opportunities. Africa has become one of the fastest growing regions in the World. While global growth declined by 2.7% last year, Africa bucked the trend and grew at 5%. Notably, all sub-

regions of Africa grew faster than the global average with the highest rate being 6.3% and the lowest being 3.5%. Rising population, urbanization and move towards industrialization are considered to be the major drivers of Africa's growth. Population in Africa is rising at a rate of nearly 4% and it is estimated that it would mark 1.6 billion in 2030. Regionally, East, West and North Africa will experience high population growth of 68% and Southern African population will grow at the rate of 14%. In line with population growth, urbanization is taking place at a fast pace in most of the countries of Africa. Standard Bank predicts that by 2050, 60 % of Africa's population will be urbanized and the Economic Report on Africa (ECA) 2013 projects that Africa will be the largest and youngest continent in fifty years along with escalation of urbanization.

The other major change in Africa is the move towards industrialization and boom in four major sectors - automotive, healthcare, telecom and garment and shoe industry. Automotive industry in Africa is growing at a very fast pace and it is predicted that annual car sales will be increased by 20% in the next 2 years. Besides this, several automotive companies are setting up their manufacturing plants in Africa which will boost the economic growth further. Expenditure on healthcare has grown at a CAGR of 9.6% since 2000 across 49 African countries. This indicates increased focus on the healthcare sector by African Governments which makes this sector potential area for investment. Telecom industry is also opened up for FDI which attracted several major telecom MNCs viz. MTNL, Airtel, Globacom etc. to set up their operations in Africa. The garment and shoe industry is also aiming to expand its exports in future. For this, in countries like Egypt, Tunisia, Morocco, South Africa and Ethiopia global brands like Nike, Tesco, Primark, etc. are encouraged to set up textile manufacturing units. All these factors point towards growth in the African continent in the years to come hence, making it a profitable and attractive destination for investments.

However, there are some challenges which are faced by traders and investors in Africa region. Weak regulatory environment, lack of quality control testing, fragmented supply and distribution channels, high margins at retail level and issues of counterfeit products are a few road blocks to business growth. Thus, it is inferred that Africa because of its progressive economic and social indicators possess huge business potential and both India and Africa with their focused efforts can be mutually benefited.

Mr. Havish Ludhor, Team Leader - Administration and Business Development, AAA Global Services Ltd. Mauritius said that Mauritius is well known as the gateway to Asia including India and China. With its existing stable economic, political and social base the country offers the best entry point into Africa. It is a proven financial services hub. Mauritius ranks 1st in Africa in terms of doing business, charges low tax rates and signed Double Taxation Agreement and preferential agreements with several countries which makes it a prospective country for trade and investment. Freeport, airport, information

and communication technology, hospitality, medical, trading and manufacturing are the most attractive sectors for making investments in the country. In order to boost up business in Mauritius, the Mauritius Government has announced various budgetary measures. The government has created Mauritius–Africa Fund with a commitment of MUR 500 million for over five years. Subsidy of 25% of freight cost on containers exported to Africa (except South Africa and Madagascar) and subsidy of 50% on the cost of Credit Guarantee Insurance for exports to Africa is allocated. The Government has also undertaken the initiative to promote the placements of local technician, graduates and professionals in the continent. All these budgetary measures, trade agreements and stable business conditions in Mauritius make the country an advantageous location for trade and investment.

Glimpses of the Conference



President, PHD Chamber presenting a plant to Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India



President, PHD Chamber presenting a memento to Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India



Release of the Knowledge Report at the event

Glimpses of the Conference



Galaxy of Ambassadors/High Commissioners/Diplomats



Lamp lighting by Ms. Mukta Shekhar, Director, Ministry of External Affairs, Government of India at the event



Panelists at the event

Glimpses of the Conference



Audience view at the event



Inauguration of the exhibition by Mr. D.S. Dhesi, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Govt. of India



Mr. D.S. Dhesi, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Govt. of India and Mr. Sharad Jaipuria, Sr. Vice President, PHD Chamber at the Exhibition

Glimpses of the Conference



Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India and Mr. Suman Jyoti Khaitan, President, PHD Chamber at the Exhibition



Distinguished speakers at the event



Cultural Programme at the event



Cultural Programme at the event

Eminent Speakers at the Conference



Mr. Salman Khurshid, Hon'ble Union Minister for External Affairs, Government of India



Mr. D.S. Dhesi, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, Govt. of India



H.E. Ms. Lesego Ethel Motsumi, High Commissioner of Botswana



H.E. Mr. Idriss Raoua Ouedraogo, Ambassador of Burkina Faso



Mr. Mongy Aly Mohamed Badr, Minister, Economic & Commercial Bureau, Embassy of the Arab Republic of Egypt



H.E. Ms. Gennet Zewide, Ambassador of Ethiopia



H.E. Mr. Désiré Koumba, Ambassador of Gabon



Mr. Alieu Bah, Counsellor, High Commission of Gambia



H.E. Mr. Alexandre Cécé Loua, Ambassador of Guinea



Dr. Vincente Paulo C. Chihale, Commercial Counsellor, High Commission of the Republic of Mozambique



H.E. Mr. Ernest Rwamucyo, High Commissioner of Rwanda



H.E. Mr. Amadou Moustapha Diouf, Ambassador of Senegal



Dr. J. S. Juneja, Chairman, Global Projects & Services Pvt. Ltd.



Dr. Arvind Lal, Chairman & Managing Director, Dr. Lal Path Labs Pvt. Ltd.



Mr. T. C. A. Ranganathan, Chairman & Managing Director, EXIM Bank



Mr. Sanjog Kapoor, Director, FT (Africa), Department of Commerce, Ministry of Commerce and Industry, Government of India



Mr. Mahesh Gupta, Chairman & Managing Director, Kent RO Systems



Mr. Jacques Baudelot, Managing Director, Bolloré Africa Logistics India Pvt. Ltd



Mr. Havish Ludhor, Team Leader, Administration and Business Development, AAA Global Services Ltd., Mauritius

Observations/Suggestions to Improve India-Africa Trade and Investment Relations

In the light of the valuable inputs provided by the representatives of different African countries as well as by representatives from India, suggestions to further enhance the volume of trade and investment are summarised below.

Focus country – focus commodity strategy

While India's trade with most African countries has shown an upward trend over the years, it is however important to highlight that India's share in the global imports of most African countries continues to be marginal, whereas countries viz. China, France, USA, Brazil hold relatively more share in Africa's imports. Therefore, in order to enhance India's trade relations with Africa, it is imperative to identify potential countries in Africa based on their projected GDP growth rate and market size. This should be followed by selection of potential items, based on low share of India in target country's import basket of major categories. This would entail identification of potential export items to each focus market, thus encouraging long term trade partnership with Africa.

Widening trade basket

Looking at the changing economic scenario of Africa, there is a need to broaden the trade basket in order to strengthen India-Africa trade. Since market size of Africa is rising, high-value products which are exported to US and European markets by Indian companies can also be exported to Africa to cater to its increased demand. In addition to this, given India's expertise in several labour-intensive manufactured products which is affordable, African countries would stand to gain with increased imports of such items from India.

Focus on countries with which Balance of Trade (BOT) deficit is high

It is necessary to focus on India's export potential to major countries in Africa with whom India maintains the largest and rising trade deficit, viz. Nigeria, Angola, South Africa, Algeria, Morocco and Egypt. Collectively, these six countries account for as much as 57% of Africa's total imports. In this direction, a significant endeavour could be to enhance sourcing of Africa's imports from India in which India has export capability and high competitiveness. This would facilitate in increasing India's exports and in balancing the burgeoning trade gap between India and Africa.

Making Africa an export hub

Few countries like Senegal, Egypt, and Mozambique, either because of preferential agreements or because of geographic positioning provide an ideal gateway to both international and regional markets. Moreover, seaports, airports, railways, roads and pipelines facilitate access to the hinterland countries. This provides Indian investor a major advantage to look at Africa as a manufacturing hub and supply its products worldwide. This would be a source of huge foreign exchange reserves for the country.

Encouraging Indian investors

African economies like Gambia, Rwanda are growing at a rapid pace with stable and secure business environment. The African countries are moving towards industrialization and thus, creating abundance of opportunities in several sectors viz. real estate, energy financial services, ICT, etc. Moreover, the governments of the different African economies are coming forward to support potential investors in terms of providing information, identifying partners, obtaining licenses and granting incentives. Therefore, this is the right time to push Indian investors towards these economies for taking the benefit of untapped business opportunities in Africa.

Encouraging African investors

To increase inflow of foreign investments from Africa, India should make business environment more liberal, conducive and bottlenecks free. Efforts should also be made towards creating awareness amongst potential African investors about the investment opportunities in India. Creating an information hub for providing comprehensive information relating to business opportunities and business environment in the different countries of Africa as well as of India is a right move towards enhancing investment relations between India and Africa.

Connecting India – Africa farmers

Africa has a huge potential in agricultural sector because of its vast unutilized arable land, tremendous irrigation potential and distinct climatic zone. But, due to lack of knowledge, technology and investment, the agriculture sector in Africa is still underutilised. At this juncture, greater cooperation from India in agriculture and agro-processing would be of great benefit for both India and Africa. Indian companies can help Africa's agriculture sector in farm mechanisation, agro-processing and storage, investments in training and development of human resources for the farm sector, greenfield investments, local vendor development, setting up of agro parks in Africa, setting up of horticulture industries and floriculture units, amongst others. In order to

boost Africa's agricultural value addition, India too can meet its own food needs through imports, especially in pulses where India faces a major shortfall. Therefore, it is seen as a high potential sector where Indian farmers can even come forward for building investment relations in Africa.

Investment in real estate and construction sector

In Africa, urbanization is taking place at a fast pace. Indeed, cities such as Lagos, Dar es Salaam, Kampala, Kinshasa and Luanda are some of the fastest growing urban areas in the world. This changing scenario is raising the demand for infrastructure creation, real estate and construction in Africa. The construction sector in Africa provides several opportunities at the upstream and downstream level. Upstream business linkage opportunities include providing construction material, equipments, vehicles, trucks, boats, ships, spare parts, maintenance and operational services etc. Downstream business linkage opportunities include constructing roads, bridges, ports, setting up hotels, banks, training centres, fuel station, supermarkets, etc. Thus, investment in all these sectors would be a win-win situation for both India and Africa.

Energy sector – a potential area for investment

Lack of adequate investment is a key reason for under utilisation of Africa's hydropower potential and other renewable and non-renewable energy sources. Though with the start of commercial extraction of natural gas, rehabilitation and construction of new hydroelectric dams, several African countries have expanded its capacity generation potential, yet the sector is deficient in funds and technical expertise. In order to overcome this problem, Africa has fully liberalised the energy sector thus allowing private participation including public-private partnership. Since, Indian companies have a proven expertise in energy generation; they can partner African countries in building energy infrastructure in Africa through skilled manpower, technological know-how and investments. In all, the energy sector in Africa represents a major investment and growth opportunity which can be harnessed by Indian companies.

Service sector – a booming area for investment

In line with overall improvement in macro economic situation in Africa, the service sector has grown rapidly and generated several business opportunities in ICT, banking, logistics, hospitality, health and education sectors. All these sectors together provide many investment options in varied projects viz. e-government, green ICT, BPO, eco-lodges, e-banking etc. India, being competitive in diverse service sectors, can prove its mettle in the African continent as well.

Linking India-Africa small scale sector

There are several opportunities in the small scale sector of Africa, to set up projects in manufacturing and knowledge based sector viz. automobile, electrical, food processing, leather etc. This can be considered as a significant opportunity to link India's MSME sector with small sector of Africa and enabling MSMEs to become international players. To utilize this opportunity, MSMEs should be provided complete information relating to growth prospects, investment procedures, business environment etc. in Africa. In order to avoid major problems of finance, MSME sector should be allowed to get funds in the form of term loans under the Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) scheme to set up different manufacturing units in African countries. Moreover, support from the government and banks in terms of an extended line of credit as a term loan on competitive interest rates would motivate small exporters. All these measures would enable to achieve the objective of strengthening bilateral ties through linking the small sectors of India and Africa.

Conclusion

The landscape of global economy is changing in terms of dismal growth in the developed economies and emergence of developing economies as a key driver of global economic growth. This change has occurred because of the diversification strategy adopted by developing economies in the wake of financial crisis which led to the surge in bilateral trade and investment amongst emerging and developing economies. India and Africa have exhibited the same trends. During the last decade, Africa has become the major trade partner of India and its share in India's total exports has also increased more than twofold in the same period. To take this growth trend further, both India and Africa are making an effort to make each other aware about their trade and investment opportunities. This exhibits that economic growth of Africa is increasing, domestic market is widening and it is moving towards urbanization and industrialization. This growth is further boosting the demand for core industries and services viz. energy, construction, ICT, banking and insurance services, etc. Besides this, its strategic geographical and preferential access to export markets and favourable government policies also make several African countries strategic and attractive.

India has also initiated the process of enhancing trade and investment relations with the developing countries. This is reflected in various initiatives of the Government in the form of focus market and focus product schemes undertaken in recent years. In the light of this positive outlook towards strengthening bilateral economic relations, it is imperative on the part of both India and Africa to frame the strategies in such a way so that untapped potential can be harnessed and their economic relations can be strengthened. Both India and Africa have to identify the potential items for exports and imports to each other. Promising sectors for investment should also be explored and

bottlenecks which hinder their trade and investment growth should be addressed. Efforts should be made to connect the farmers and small sector of both India and Africa which are considered to be the backbone of an economy and possess huge potential for business growth. With this, potential of both India and Africa would be tapped efficiently which would result in the upliftment of the overall growth, development and prosperity of both India and Africa.

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